Post World War II imperialism in Africa: a Marxist perspective

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POST WORLD WAR II IMPERIALISM IN AFRICA: A MARXIST PERSPECTIVE

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The evident inadequacy of orthodox models and tools of analysis[1] has, in recent decades, led many social scientists to turn to Marxism for more helpful explanations and solutions for the problems of poverty and oppression in Africa. This is not to say there is complete agreement among these as to the nature and causes of the widespread changes which, over the last quarter of a century, have altered the major features of imperialism in Africa: the ways by which transnational corporations continue to obtain low-cost raw materials, markets for the surplus manufactures, and extract high rates of surplus value from the labors of the more than 300 million people who live there.

This brief paper accepts that imperialism is inextricably integrated into the capitalist political economic system dominated by a relatively few transnational corporations and banks, backed by -- though sometimes in conflict with-- their home governments. Their assets exceed those of any single African state. In the post World War II period, these global giants, controlling technology, finance capital, and markets[2] have initiated a fundamental redivision of the capitalish world.

The aim of this paper is to outline the main implications of this on-going process for the vast continent of Africa. It deals with four major aspects: 1) the impact of the national liberation movements that had, by the end of the so-called development decade, had brought independence to ~~over 40~~ almost 50 African nations; **

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**As this paper was assigned as a companion to the one presented by Richard Sklar(3), no attempt was made here to explore as fully as otherwise the implications of this analysis for the national class struggles and state apparatus on the continent. These are discussed more fully in A. Seidman, "African Socialism and the World System: Dependency, Transnational Corporations and International Debt" to appear in C. Rosberg, Socialism in Africa (forthcoming).

2) the factors driving transnational corporations to compete in devising new techniques to extract surplus value from the divided politically-independent African states; 3) the nature of the contradictions that had begun to emerge in the late 1950s and 60s; and 4) the implications for Africa of the general crisis of capitalism in which these contradictions culminated in the 1970s.

I. The attainment of political independence in Africa:

After World War II, and especially in the 1960s, Africa became the focus of extensive transnational corporate activity in their competitive scramble to increase their accumulation and reinvestment of surplus value through acquisition of new sources of low cost raw materials and markets for their ever-expanding out put of manufactured goods. Many factors undoubtedly influenced this re-newed interest. The fact that a third of the world had shifted into the socialist camp, severely curtailing the freedom of transnational corporate maneuvers, was undoubtedly a consideration. The prolonged war and ultimate victory of the Vietnam people further emphasized that large areas of the world were no longer simply available for corporate pickings.

The balkanized states of Africa, in contrast, in a continent three times the size of the United States, constituted an extensive underdeveloped region where transnational corporations still had hopes of finding some sort of welcome. Valuable mineral and tropical produce are known to be available in vast, though not fully determined, quantities. The market potential of the high income elites among the more than 300 million Africans, despite their overall low average incomes, is not inconsiderable, though tiny compared to that of developed regions.

The winds of change that swept southward across the African continent after World War II, culminating in the independence of over 40 African states, did, however, alter the context within which transnational corporations could conduct their activities there in their search to maximize their global profits. Gone was the protective umbrella of direct colonial rule and military ~~might~~ presence which had in past decades enabled European settlers to exptopriate the best lands for spreading agricultural estates in East Central and Southern Africa, and granted vast mining concessions, trading and financial control to a handful of giant colonial firms throughout the continent.

Only a handful of African nations, however, have begun to take the essential first steps to initiate the process of transformation of their political economies towards socialism. These few have proclaimed their goal to be to reorganize inherited institutions to capture and direct domestically produced surpluses to investments in new industries and agriculture to provide increased productive employment and higher levels of living for the majority of their peoples. Gradually, they have begun to exert control over the 'commanding heights': export-import and internal wholesale trade, banking and finance, and, insofar as they exist, basic industries.

These new nations have not found it easy to carry through the transition to socialism in the conditions of underdevelopment imposed in Africa by more than a century of colonial rule. They have encountered difficulties[4] in mobilizing and uniting the masses of working people, peasantry and intellectuals behind clear-cut ideological perspectives. Their room for maneuver has been severely hampered by the fragile, externally-dependent character of their inherited political-economic structures. They have lacked skilled cadres capable of exercising effective control over critical institutions. All these factors have hindered their ability to deal effectively with the transnational corporations and western governments which have employed the full gamut of available strategies and tactics to block their progress.

Among the African states which still may be included in the roster of those seeking to build socialism are Guinea, Algeria and Tanzania and Somalia -- although there are those who, pointing to the inevitable internal contradictions and incipient class conflicts, argue that one or another of these, too, should be struck from the list.[5] In the last two years, the former Portuguese colonies, Guniea-Bissau, Angola and Mozambique, having attained political independence after a decade of guerilla warfare, have openly declared their determination to pursue ~~the~~ a Marxist-Leninist path of socialist transformation.

The majority of the politically-divided African states, in contrast, have accepted the traditional Western argument that foreign investment and production for export are the keys to development. They have made little effort to restructure the inherited political-economic institutions that chain their export-oriented economies into the capitalist world commercial system.[6] Their independence has been accompanied, instead, by the rapid emergence of what has come to be termed the 'bureaucratic bourgeoisie': civil servants and leading politicians who use their new-found power over the machinery of state to enhance their own economic and political status.

In some instances, like Ivory Coast and Kenya, they proclaim their aim to build private enterprise, and unabashedly welcome transnational corporate investment. They have multiplied state expenditures to build infrastructure, nurture a 'hospitable investment climate, and maintain law and order to guarantee the status quo. They have created domestic allies for transnational firms by 'Africanizing' government and local businesses, arrogating to themselves and their cronies the juiciest public and private sector plums. Some have insisted on being allowed to participate as private shareholders and even local directors in transnational corporate branches and subsiaries.

In other countries, like Nigeria, Zaire and Zambia, the newly installed governments have gone further in pursuing more directly interventionist capitalist policies. Governments themselves have purchased major shares of ownership of transnational corporate branches and subsidiaries. Here the members of the emergent 'bureaucratic bourgeoisie' has assumed managerial functions, using government capital and influence to ~~insert~~ install themselves as government representatives on boards of directors and/or managements. They pay themselves enormous salaries in addition to acquiring innumberable 'perks' and benefits. Widespread corruption has become notorious.

The governments of those new African states which have welcomed transnational corporate investment have not, however, enjoyed harmony or stability. The rising expectations of the masses of their populations, generated in part by the attainment of independence and their own unfulfilled promises, have remained unsatisfied. So-called 'tribal' and other conflicts have emerged as different factions of the bureaucratic and would-be bureaucratic bourgeoisie have bickered over the crumbs falling from the transnational corporate table. In a number of countries, the military has ~~stepped in.~~ taken over directly. The generals typically pledge to end corruption and establish 'fair and just' rule. With few exceptions, they too have quickly succumbed to the institutionalized pressures to pursue policies conducive to the continued profitable operation of transnational enterprise.

II. Transnational corporate competition in Africa:

The transnational corporate interests and banks are not, as some critics appear to suggest,[8] monolithically united in their efforts to extract surplus value from Africa. The giant firms may sometimes combine in temporary alliances, consortia, etc., to expand into new areas of raw materials or markets; but these alliances may break down when more powerful transnational corporations seek once again to expand at others' expense. New alliances may be established on a new level, but these break down as new circumstances arise.

This competition has been aggravated by uneven development among core industrial nations as capital accumulation and technological advance has altered the international division of labor and spurred new efforts to expand transnational corporate footholds in Africa. Those transnationals based in nations which, because of historical circumstances, have greater access to growing accumulations of capital and adaptive research capacity, were able to incorporate the most modern technological advances into their rapidly growing home-based industrial plant. This had two consequences. On the one hand, it led to the increased organic composition of capital and a falling rate of profit in all developed capitalist countries, contributing to the pressures influencing transnationals to seek new sources of more profitable investment abroad. On the other, it gave the more successful an edge in the renewed competative scramble for expansion in Africa.

The United States, with its factories, advanced technological inputs, and vast accumulations

funds available for reinvestment, initally dominated the capitalist world world after World War II. Germany[9] and Japan,[10] only temporarily set back by military defeat, employed vigorous state capitalist action, as well as benefitting from financial assistance from U.S. governmental and corporate circles, (and without military claims on their accumulation resources) to rebuild and expand the institutional and technological foundations of their own global corporate enterprise. Transnational corporations in all three invested heavily in building up the technological foundations of industries in their home economies. In particular, they introduced new techniques including automation as they expanded the basic machinery and equipment output of their heavy industries (what Marx termed Department). I). They sought new sources of low cost raw materials in Africa. As their output of manufactured goods expanded, they sought new markets, increasingly not only for their light consumer goods exports, but also for basic machinery and equipment. U.S. based transnationals, seeking to find lower ~~wage~~ (unit labor costs) and tax areas for labor intensive light industries, moved entire plants to places like Taiwan, South Korea, Hong Kong and Singapore. The transnational corporations based in all three countries began to take advantage of the newly-acquired political independence of African states to penetrate British and French spheres of influence from which they had previously been excluded by colonial rule. .

Transnational banks have played an invaluable role in facilitating this penetration process. Two U.S. banks, Citicorp and Chase Manhatten (both central to the Rockefeller orbit) have been important in providing financial and technical assistance for the post-independence expansion of U.S. transnational corporations in Africa. Most of the larger U.S. firms with investments in Africa are represented on their boards of directors.[11] To assist their corporate partner-clients, these banks have opened branches, subsidiaries and representative offices, not only in Europe, but also in those African countries offering them free rein: South Africa, Liberia, Morocco, Zaire, Nigeria, Ivory Coast and, more recently, Egypt.[12] They have bought up shares in two of the 'big three' British banks that have for so many decades dominated

English-speaking Africa: Citicorp owns 49 percent of the shares of National Grindlays,[13] Chase Manhatten purchased 15 percent of the shares of the Standard Bank. It later exchanged these for a significant block of shares in the British Midlands Bank.* It claims to have sold the latter.[14] The extent of its current linkages to British banks remains shrouded in the kind of secrecy so treasured by the world of high finance.[15] Citicorp also owns 40 percent of the shares of the French Banque de l'Afrique Occidentale,[16] one of the two big French banks in West Africa during the colonial era. These banks help the transnational corporations to make contacts and arrange consortia for their expanding investments.

The West German banks are much more closely knit with West German-based transnational corporations and even ~~parastatals~~ state corporations through outright shareholdings in addition to interlocking directorships than is legally permitted in the U.S. In recent years, the West German banks have begun to play an aggressive role in facilitating the extension of its affiliated industrial and trading interests in Africa, especially in South Africa.[17] (see below) The transnational corporations have begun to compete increasingly intensely in particular regional centers of Africa, aggravating the uneven pattern of development and underdevelopment initiated furing the colonial era. They quickly discovered they could continue in this context to attain their old goals by new techniques.[18] Now they may expect the independent African governments to help finance infrastructure

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* The U.S. Federal Trade Commission insisted that Chase sell its shares of Standard when the latter began to open branches inside the U.S.; U.S. banks may, under U.S. law, buy shares of foreign banks with whom they are supposedly in competition, but not if those banks operate in the U.S. itself.

and sometimes even provide additional capital to produce essential raw materals to be shipped to their core nation industries. Transnationals can expand their hold on local African markets for manufactured goods by building last stage assembly and processing plants, importing parts and materials to produce high-priced, tariff-protected luxury and semi-luxury items for narrow high income groups. They still control the banking and financial sectors, retaining predominant influence over the direction of domestic credit and monetary policies. Government ownership of some shares and representation by members of the bureaucratic bourgeoisie on boards of directors of local bank branches or subsidiaries does little to alter the basic control of managerial decisions by transnational corporations.

In short, the direct siphoning out of surplus value in the form of profits, interest and dividends continues. In some cases it has been initially disguised in the form of managerial and licensing fees, or as compensation for (purchase of) government shares of ownership. In Zambia, for example, by 1973, these items, together, still totalled about a sixth of the national product, (thus consuming) almost a third of the country's total foreign exchange earnings.[19]

Official U.S. data shows that, by the end of the 1960s, despite the rapid post-independence expanision of direct U.S. investment in Africa, more capital was shipped out of that continent, year by year, (except in 1968) by U.S. transnationals in the form of direct extraction of surplus value than was being invested in it. This it illustrated by Table 1. The net amount of surplus value shipped out of Africa (excluding South Africa) by U.S. transnational corporations with direct investments there over the ten year period, 1965 to 1975, was $2,998 million. This exceeds the total of all reported direct investments made by U.S. firms there over the years, $2,397 million. In other

Table 1: Surplus value extracted directly from African countries, excluding South Africa, from 1965 to 1975, by U.S. based transnational corporations.

Year	Direct New U.S. investments in Africa, excluding South Africa (in $ millions)	U.S. transnational corporations' extraction of surplus value (1) ($ millions)	Amount by which surplus value extracted exceeds new direct investment ($ millions)
1965	$171	-$249	-$78
1966	83	-270	-187
1967	135	-284	-149
1968	374	-207	(167)
1969	246	-616	-370
1970	387	-610	-223
1971	255	-481	-262
1972	138	-410	-272
1973	-625	-466	-466(2)
1974	-143	-799	-799(2)
1975	164	-356	-192
Total, 1965-1975			$2,998

Notes: (1) It is difficult to obtain an accurate estimate of surplus value directly extracted for several reasons. This is intended to provide only an indication of the order of magnitude. It is ~~dif~~ ~~undoubtedly~~ underestimated, since it is based on official reports to the U.S. Government by transnational corporations of the[1] interest, dividends, branch earnings. It dies not include managerial and licensing fees or compensation for government purchases of shares of ownership, which, in recent years, have become increasingly important forms of direct extraction of surplus value.

(2) In 1973 and 1974, there was a decline in total investment, or a disinvestment. If this was added to the reported surplus value shipped out the totals would be much higher in those years, $1,091 million and $942 million, respectively.

Source: Calculated from U.S. Bureau of Census, The Statistical Abstract of the U.S. table entitled "U.S. Direct Investment Abroad - Direct Investment Position and Balance of Payments Income, By Country" (Washington D.C.: U.S. Government Printing Office, for years indicated).

words, in one decade, the U.S. transnational corporations took out of Africa (excluding South Africa) in the form of direct extraction of surplus value \$601 million, that is, about 25 percent more than they ~~[illegible]~~ invested there! It should be emphasized that the data given in Table 1 is only that relating to for interest, dividends and branch earnings as reported by the transnational corporations to the U.S. authorities. It does not include managerial fees, licensing fees, or compensation for government ownership of shares in transnational corporate projects. Nor does it include depreciation allowances or other forms in which surplus value may be concealed to avoid payment of taxes to the U.S. Government.

Their control of world markets enables them to hold prices for crude exports they buy from partially or wholly government-owned firms at relatively low levels, enabling them to realize the surplus value when they sell the produce at higher prices to final consumers. In this connection, they have increasingly tended to leave investment in the actual production of raw materials exports to Africans, themselves.[20] Even before independence, African farmers, in addition to European-owned settler estates, were beginning to be encouraged to expand their output of export crops. The African peasant, orthdoxy now explains, may be expected to behave in accord with the imported capitalist model of 'economic man',[*21] increasing output in response to economic incentives created by government provision of infrastructure, inputs, and marketing facilities. Transnational firms have been content to leave the ownership of land and even local marketing arrangements in the hands of peasants -- usually the larger African farmers -- backed by local governments. They are free to purchase agricultural crops

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*Since many African peasants engaged in the production of foodstuff are in fact women, this assertion appears to be doubly culture-bound!

planted and harvested by African farmers, playing those of one country off against another, or even against peasants in other 'third world' areas. They may buy coffee, for example, from Kenya, Ivory Coast, Ethiopia, Uganda, Tanzania, or Angola -- or any one of the 18 Latin American countries whose national economies have for generaltions been geared to the sale of coffee to overseas marts. They may buy cocoa from Ghana, Nigeria, Togo or Ivory Coast -- or from Brazil, Ecuador or other tropical Latin American or Asian lands which may be enticed to produce it. The peasants bear the risk. They till the land and invest their meager savings to expand their output. If 'oversupply' forces down prices on the world market, it is they who suffer. The transnational companies reap even higher profits from the next stages of marketing and processing their crops for sale at high prices abroad.

Since African countries have attained independence, transnationals, after initial resistance, actually began to welcome governmental action to purchase shares of ownership of the mines. They have discovered they may rely on their control of management, international marketing, and financial arrangements to extract surplus value indirectly in forms more like those they had earlier introduced in their agricultural dealings. When the African governments invest in expansion of mineral production, their interests are increasingly tied to those of the companies. If they cannot hold prices down by reducing costs -- including local taxes and the wages of the workers,* the companies may shift their mineral purchases to other countries where conditions are more 'favorable' to their global profit maximizing considerations.

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*About half the wages bill goes to the 10 percent of the mine force which constitutes supervisory and managerial personnel; but efforts to hold wages down are typically directed not against this small group -- who, it is said, must be paid high salaries or they will leave -- but the majority of the mine workers whose wages -- through often exceeding those of other workers -- are little above subsistence level.

The postwar growth and competition of transnational corporate enterprise differentially affected the economic growth patterns of newly-independent nations of Africa for technical reasons. The demand for some African-produced crude materials by European and North American factories has been sharply reduced by the introduction of new technologies.[22] Nylon, polyesther and rayon fibres, for example, have been substituted for African-grown cotton and sisal. Aluminum and even plastics began to replace copper when its price shot up in a temporary boom in the later '60s. Processes designed to reduce industrial waste like the recycling of scrap to produce 40 percent of industrial countries' copper requirements, further reduced demand for some crude exports. African countries, whose political economies had been shaped under colonialism to depend on the sale of these materials, suffered sharp reductions in their foreign exchange earnings.

The demand for other raw materials, especially minerals, like oil and uranium, in contrast, expanded rapidly. This permitted some third world countries to join transnational firms in utilizing cartel-like techniques, at least temporarily, to press for higher prices, and capture a share of the resulting profits for themselves. In the '70s, oil in particular bestowed an economic boom on a few African countries, like Algeria, Libya and Nigeria. The Western press obscures the fact,however, that, while OPEC countries have temporarily benefitted from high oil prices, the major oil companies have reaped record profits through their oligopolistic control over the world market.[23] In the longer run, as substitutes are introduced, or new sources of oil are discovered, the ability of member countries of OPEC to continue to benefit from high prices will be sharply reduced.*

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*The oil companies have invested much of their profits in buying up alternative energy sources, as well as investing in new oil wells outside of the OPEC nations.

The rapid post-independence growth of 'modern' export enclaves under the stimulus of growing transnational corporate demand for particular commodities at particular times has led to further underdevelopment of neglected hinterlands in African states. Rural-urban migration has been aggravated, contributing to a growing unemployed labor reserve and political unrest in the cities. As Zambia's Government invested in expanded copper output to take advantage of the temporary copper boom of the 1960s, for example, continuing neglect of productive activities on the countryside -- despite official rhetoric deploring it -- caused the urban drift to swell to a flood. In a few short years, the population in the cities has jumped from 25 to 40 percent of the nation's inhabitants.[24] Over half of them are crowded into squatter compounds without piped water supplies, electricity, or sewerage. In Nigeria, the post-civil war oil-boom has been accompanied by an ever-increasing dependence on imported foodstuffs not only for a newly rich, but also for the swelling urban populations crushed into shanty-towns on the outskirts of every city.

The consequences of continued and increased indirect extraction of surpluses, became evident as the terms of trade of African and other third world countries worsened in the '50s and '60s. Nations in which African peasants themselves are the primary producers, selling their produce to transnational trading firms which handle the marketing and processing abroad, were beginning to feel the negative effects by the early '60s. From 1955 to 1965, for example the price of cocoa tumbled from ₤500 to ₤90 a ton. The real income of the Ghanaian peasant in the latter year was below that of the Great Depression of the '30s; and the Ghanaian economy, having doubled its out put of cocoa during the decade, was in desperate straits. By the beginning of the '70s, mineral producing countries, where governments had purchased major shares of the mines, too, confronted falling mineral prices, rising import costs, and worsening balance of payments deficits.[*25]

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*When the big companies themselves owned the mines, they cut back production to hold prices up, throwing the burden of unemployment and reduced revenues directly on the population.

Most African states sought to attract foreign capital to invest in manufacturing industry to increase productive employment opportunities for the growing numbers of urban unemployed. The transnational firms have, however, typically invested only in last stage assembly and processing industries. Taking advantage of the governments' efforts to stimulate local production by providing 'tax holidays' and imposing tariffs to exclude competitors, the transnationals import capital-intensive machinery and equipment from their factories back home. They continue to import parts and materials to be processed locally for sale under a 'made-in-X-African-state' label. They provide few local jobs. They hinder the development of local resources. They ensure continued external dependence of local economies on imported parts and materials, providing expanding markets for their own technologically-advanced home-based industries.[26] They commonly 'overinvoice' imported manufactured parts and materials as well as finished goods to conceal the process of transferring untaxed surpluses out of the country.[27] In the process, they seek always to maximize their global returns, transferring their profits by devious accounting techniques to whatever locations require them to pay the lowest taxes and permit them adequate flexibility to reinvest for the highest rates of further accumulation.[28]

Even this type of limited manufacturing investment tends to be concentrated in a few favored nations, where the bureaucratic bourgeoisie provides them with the most 'hospitable investment climate'. There the transnationals concentrate their narrow range of capital and technology in the developed urban areas, aggravating the characteristics of national development/underdevelopment: in Lagos, Port Harcourt, Ibadan and Kano in Nigeria; in Abidjan in Ivory Coast; in Nairobi and Mobassa in Kenya; in Kishasa and Lubumbashi in Zaire, along the line-of-rail in Zambia.

Their activities foster the emergence of these limited areas as incipient sub-centers in the regional peripheries. It looks as though, in the 1970s, Egypt may become another of these more favored nations.

Most successful in the competitive struggle to attract transnational corporate manufacturing investment, however, has been, not any of the newly independent African countries, but South Africa. Foreign investment and technology has played a primary role in building up the South African military-industrial complex as the most significant regional sub-center at the expense of the neighboring underdeveloped political economies and peoples in the entire Southern African peripheral region.

South Africa, governed by an out-and-out racist state capitalist regime, has promised a profitable welcome for transnational corporations, backed by a well-cultivated myth of invincable stability.[29] The systematic enforcement of apartheid has coerced the Africans -- 80 percent of the population -- to live in grossly underdeveloped, impoverished 'Bantustans'(so-called 'homelands') on the least fertile 13 percent of the national land area. These are explicitly designed as labor reserves for women, children, old men, and unemployed. Their desperate poverty and chronic malnutrition are well-documented.[30] Able-bodied men are permitted to migrate to seek work for below-poverty-line wages in the industralized 'white' areas only when white-owned factories-farms-mines require their labor power for profitable production. The wages they receive are consciously set at less than the bare minimum argued by Marx as essential under capitalism, that is the socially necessary wage required to support the worker and his family to ensure the creation of the next generation of labor power. In South Africa wives and children are expected to support themselves by agriculture — even though three fourth of the Bantustan populations have no land of their own!

Table 4. South Africa: Stock of direct[(1)] investment in the private sector by category of economic activity and by source, end of 1973

(Millions of rands (R))

Source	Total Rand	Share of investment to total investment (Per cent)	Agriculture forestry + fishing		Mining + quarrying		Manufacturing		Construction		Wholesale + retail trade		Transport storage + communication		Finance insurance real estate + business services		Other	
			R	%	R	%	R	%	R	%	R	%	R	%	R	%	R	%
European Economic Community Countries	3 685	67.6	25	59.5	256	60.9	1 590	64.7	48	78.7	477	59.8	75	68.8	1 173	78.8	4	55.4
Rest of Europe	357	6.5	2	4.8	6	1.4	213	8.7	11	18.0	68	8.5	-	-	51	3.4	6	8.1
North and South America	1 205	22.1	6	14.3	157	37.4	608	24.7	1	1.6	234	29.3	27	24.8	154	10.3	18	24.3
Africa	114	2.1	7	16.7	1	0.2	11	0.4	-	-	17	2.1	6	5.5	68	4.6	4	5.4
Asia	28	0.5	2	4.8	-	-	3	0.1	1	1.6	1	0.1	1	0.9	17	1.1	3	4.1
Oceania	60	1.1	-	-	-	-	31	1.3	-	-	1	0.1	-	-	26	1.7	2	2.7
Total[(2)]	5 449	100.0	42	100.0	420	100.0	2 456	100.0	61	100.0	798	100.0	109	100.0	1 489	100.0	74	100.0

Source: United Nations Centre on Transnational Corporations, based on South African Reserve Bank, The Second Census of Foreign Transactions, Liabilities and Assets, 31 December 1973; Supplement to the South African Reserve Bank Quarterly Bulletin, March 1976.

(1) Total includes R2 000 not allocated to any region.

(2) Directly-held investments include only those with more than half the shares in local branches and subsidiaries. This constituted about half the total foreign investment.

Unlike their investments in the limited manufacturing sectors of independent African states, in South Africa the transnationals have helped to build an integrated industrial complex characterized by an increasing degree of technological self-sufficiency. There is nothing like a 'free market' in South African manufacturing industry, anymore than in any other sector of that capitalist, state-controlled economy.[33] The South African Government has intervened directly through a series of parastatals, especially in basic industries -- iron and steel, chemicals, oil, electricity -- to ensure that proposed industrial expansion has taken place. Beyond this, a complex set of import controls require increased local production of parts and materials for industrial products. Automobiles must now be almost entirely locally produced.

The South African government has taken advantage of the growing competition among transnational corporations to encourage them to invest more and more heavily in recent years.[34] British firms were there first, based on a long relationship dating back to the pre-1910 colonial era. In manufacturing, British firms have been involved in iron and steel, auto, chemicals and oil, as well as a range of light consumer goods industries. British firms are so interlinked with the private firms that constitute their South African counterparts that, in many cases, it is almost impossible to disentangle them. A number of British firms with investments in South African manufacturing industry became in part or entirely owned by the British Government as a result of post-war nationalizations. These include British Leyland, producing autos and trucks; Shell-BP which owns a critical South African oil refinery; and several British steel companies.

U.S. firms have multiplied their investments in South African manufacuring in the last decade and a half.[35] They directly own about a fifth of all foreign investment and about a fourth of all foreign manufacturing investment in South Africa. They have invested four out of five of the dollars they have devoted to manufacturing on the entire continent in South African factories. Through partial ownership of transnational corporations based in England, West Germany, and France, they have additional, but unknown amounts of indirect investment in South African industry. They also own minority shares in South African manufacturing firms which are difficult to identify.

U.S.-based transnationals play a major role in South African auto, electrical equipment and appliances, computers, rubber and oil industries. They are engaged in other light industries, as well. They are making a major contribution to building up the more technologically advanced equipment and machinery of the South African economy -- and, incidentally, the South African military machine. The U.S. Government, through the Atoms for Peace Program, as well as private U.S. firms, have helped South Africa to acquire the technological capacity needed to produce nuclear power and, it is widely believed, nuclear weapons by 1980.

Japanese transnational corporations have, in the last decade, become important buyers of South Africa's mineral exports, taking over half of South African iron ore exports and an important share of its coal. The Japanese Government prohibits Japanese firms from investing directly in South Africa. U.S. companies, which own shares in Japanese firms, therefore ship Japanese-made parts and equipment to their South African factories for assembly and sale inside South African tariff barriers, as well as abroad. Chrysler and General Motors, for example, produce small Japanese cars and trucks in their South African plants, since they seem to sell better than the big U.S. models

Reports indicate that South African-based plants plan to sell about $1.5 million of their output of Japanese car products in the U.S. itself.*35a

West Germany, too, has expanded its trade with South Africa rapidly. It has become that country's most important trading partner in recent years. It buys South African mineral exports in exchange for heavy industrial equipment and machinery. West German-based transnationals have simultaneously expanded their investments there, especially in basic manufacturing industries. Over the last fifteen years, they have played a crucial role in building up South Africa's iron and steel, chemicals, and electrical appliances industry. They, too, have contributed to nuclear power development.

The French Government has collaborated with French companies in expanding their role in South Africa, although they provide only about five percent of foreign investments there. When the U.N. sought to embargo military sales to the racist regime, the French Government permitted French firms to continue to sell their military planes and weapons and, in recent years, to license production of French military models. The French firm, Framatome, won the international competition to build South Africa's largest nuclear power installation. The U.S. transnational, Westinghouse, owns 15 percent of Framatome, and had supplied it with much of its basic nuclear technology.

In sum, the transnational corporations are engaged in an increasingly competitive struggle to expand their footholds in Africa as a continuing source of raw materials, markets, and profits. Uneven development in the

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* Gas is scarce and expensive in South Africa which must import its entire supply aside from the 10 percent of its requirements produced by its oil-from-coal process, contributed by U.S. transnational oil firms.

capitalist core countries has given U.S., West Germany and to a lesser extent Japan, an edge in breaking into the former British and French spheres of influence as African nations have attained political independence. At the same time, their competitive efforts have aggravated uneven development in Africa, itself, contributing to a new international division of labor with the emergence of sub-centers through which they seek to dominate entire regions of the periphery. Despite the African nations' competitive efforts to attract foreign capital, however, South Africa's racist state capitalist regime appeared to have provided the most 'attractive investment climate'. It is there that, over the last decade and a half, transnational firms have concentrated their investments to build up a vertically integrated and increasingly self-sufficient industrial-military complex from which their local manufacturing plants and branch offices could penetrate the southern third of the continent.

III. Growing contradictions:

The transnational corporations' competitive effort to accumulate more surplus value from Africa was, of course, only one aspect of their larger endeavors to maximize profits on a global scale, not only from their activities in other third world countries, but from workers in their home-based industries as well.* By the 1960s, these appeared to be shaping a new international division of labor in which sub-regional centers like South Africa were beginning to play a crucial role in facilitating the direct and indirect expropriation of surplus value from entire peripheral regions. This process inevitably gave rise to a series of growing interacting contradictions whose impact spread throughout the capitalist world.

The augmentation of surplus value extracted directly and indirectly from Africa and other third world nations only partially offset ~~s~~ the fall in the rate of profit resulting from the rising organic composition of capital in the core industrial countries. The continuing accumulation and reinvestment

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* This proposition is in direct and intended conflict with A. Emmanuel's proposition that workers of the 'rich' nations, by demanding higher wages, are participating in exploiting those from 'poor' nations in a process of 'unequal exchange'. It is difficult to see how anyone, using historical materialist tools of analysis can accept his argument. It is precisely his inadequate analysis of the ways in which transnational corporations extract surplus value directly and indirectly from third world countries that leads him to the startlingly distorted conclusion that the demands of the working class "become the driving force of the world economic antagonism, and international workers' solidarity becomes an historical misconception."[36] See, below, a discussion of the way transnationals contribute to creation of the 'labor aristocracy.' (p. 27)

of surplus value by the transnationals led to ever more advanced levels of technology,[37] still further increasing the organic composition of capital in the home base economies, expanding the total production of manufactured goods, including basic machinery and equipment, which must be sold by the core industrial nations. Simultaneously, the process continuously narrowed down the avaiable markets, both at home and overseas, in which this expanded output could be sold.

The continual extraction of surplus value from third world countries, including Africa, intensified balance of payment problems and forced their governments to take measures to reduce imports.
Orthodox arguments as to the comparative advantages to be won through free trade, and, more recently, analyses purporting to show the high costs of effective tariff rates proved unconvincing. Government after government in Africa, and elsewhere, faced by growing balance of trade and payments deficits and mounting international debts, raised tariffs further and tightened exchange controls in an attempt to reduce the imports of manufactured goods. Often acting on advice and even under pressure from the International Monetary Fund, they devalued their currencies. These measures were incapable, however, of eliminating the source of their problems, the institutionalized techniques through which the transnational corporations extracted surplus value from their externally dependent economies. On the contrary, they tended to reduce the real levels of living of the national populations. Simultaneously they effectively further narrowed the potential markets for the continually expanding output of manufactured goods produced by transnational corporations in their home-based factories as well as those in major regional sub-centers like South Africa.[38]

The relative narrowing of markets and the shifting international division of labor was reflected in and interacted with conditions which merged in the transnational corporations' home-base economies as well as the newly emergent regional sub-centers like South Africa. A series of recessions occurred in the post World War II period. On the surface, these appeared to be partial and localized. The nations affected apparently recovered quickly, encouraging the orthodox to sing the praises of the 'Kenyesian revolution' which, they claimed, had forever banished the dangers of more serious economic crisis.

Underneath, however, the effect of the continuing accumulation and reinvestment of surplus value was reflected not only in the rising organic composition of capital, but also in the changing structure of employment in the core industrial nations. Increasing numbers of workers were employed in the services, financial and distributive activities, drawing heavily on the extensive labor reserve of lower-paid female workers. Blue collar employment, in contrast, was declining in relative terms as a result of automation and the shifting of entire plants overseas.[39]

In the United States, still the dominant capitalist nation, the officially reported trends of unemployment continued to increase.[*40] Traditional economists and businessmen sought to 'explain' this as a reserve to ensure flexibility of the labor force in the fluctuating conditions of a rapidly growing market economy.[41] Some asserted that it reflected the unwonted entry of women into the labor force -- ignoring the fact that most women took the low paid, relatively unskilled jobs available to them only out of necessity.[42] The recorded participation of males in the U.S. labor force, especially among minorities

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* These were widely criticized as understated.[43] If part-time and discouraged workers were included, especially among minorities and women, the rates would be nearly double those officially reported.

and unskilled workers, declined significantly, suggesting the permanent withdrawal of those discouraged by low wages and continued rebuffs in the job market.[44] This phenomenon was widely ignored.

In South Africa, the Government took the easier path of simply not recording statistics concerning unemployment among the African workers. This accorded with the mythology that Africans without jobs could simply return to their 'traditional lives' in the Bantustans, despite reports of growing unemployment and hunger there.

The high rates of surplus value extracted from Africa and other third world countries did enable the transnationals to pay a strata of their employees wages much higher than those earned by most workers. This created an 'aristocracy of labor' which provided a veneer of legitimization and alleged labor support for transnational corporate activities.* In the U.S., for example, the merged American Federation of Labor-Congress of Industrial Organizations (AFL-CIO), representing less than 25 percent of the paid labor force, has succeeded in raising the wages of some of its members well above the majority of workers[45] who remain unorganized and tend to suffer higher rates of unemployment. Economic necessity coerced wives and daughters of lower paid men -- especially minorities -- as well as single women into the labor force in greater numbers in the 1960s and 1970s than ever before in history.[46] Barely more than 10 percent of them were organized into unions, however, and their median wages actually dropped from 63 percent of men's in the 1950s to 57 percent in the 1970s.[47] One out of six Americans was reported to be living below the poverty level by the end of the 1960s -- and that proportion undoubtedly increased in the 1970s as prices and unemployment rose rapidly.

But the AFL-CIO leaders -- mostly white males -- allocate to themselves salaries ranging over $100,000 a year, and are invited to participate with the

*The creation of a 'labor aristowracy' is qualifatively different from Emanuel's prpppsition noted above in the footnote on p. 24.

transnational corporate captains of industry in international parleys relating to world economic policy.[48] This may help to explain why the African-American Labor Council, established by the AFL-CIO in the mid-1960s, supports U.S. investment in South Africa's racist economy.[49]

In South Africa, apartheid has legally enshrined white workers as a sub-center 'labor aristocracy'. The white workers' unions have aggressively supported the Nationalist Government's measures which have reserved to their members a monopoly of the highly paid skilled jobs with wages ten to fifteen time those of the black working class. In the South African case, the top strata of this 'aristocracy' has almost visibly merged with the management of the mines and manufacturing industries.[50]

The continued accumulation and reinvestment of capital by the growing transnational cooperations was buoyed by several phenomena throughout the 1960s, which, despite the emergence of contradictions like those noted above, was preclaimed as an era of booming prosperity. The continually expanding sales of military commodities, as the U.S. escalated the Vietnam war, ensured a guaranteed high-priced market for basic industries in the U.S. and, to a not insignificant extent, in Japan as well. Continued investment in new technologies like computers and nuclear power, as well as a range of less spectacular but never-the-less important industrial innovations at home contributed to expanding the national and international market via multiplier effects.

A vast extension of national and international debt played a vital role in facilitating the continued accumulation and reinvestment of capital, despite the contradictory developments it generated.[51] The growth of international debt was accelerated by the rapid growth in the late 1960s of the Eurodollar market, initiated when the biggest U.S. banks sought to escape the efforts of the U.S. Federal Reserve Bank to control national credit expansion, inflation, and balance of payments problems.[52] Consortia of European banks quickly followed suit to protect their interests against U.S. financial corporate competition.[53] By the 1970s, the 12 largest U.S. banks had become a permanent feature of the European money market, earning about half their incomes from loans made outside of the United States itself.[54] The Big Rockefeller Bank, Citicorp, reported by 1975 that it had earned 70% of its income from the half of its assets located abroad; its overseas earnings offset domestic losses to give it record returns that year.[55]

IV. The re-emergence of the general crisis of capitalism

The contradictions generated by the process of accumulation and reinvestment of surplus value in both the center and periphery nations inevitably culuminated in the series of crises that spread throughout the capitalist world in the 1970s. The end of the Vietnam War threatened a relative reduction of the lucrative military market. Balance of payments deficits spread among the core industrial countries as they found themselves unable to sell enough goods abroad to offset their massive purchases of raw materials and, increasingly, light consumer goods and even basic industrial materials produced by transnational affiliates in lower-cost sub-regional centers like South Africa.

The western, or, more precisely, developed capitalist (since they clearly included Japan and some 'third world') countries were gripped in a series of crises that in toto differed qualitatively from the recessions that had been experienced during the preceding quarter of a century. The international monetary crisis triggered off a series of devaluations among the core industrial countries which finally led to a breakdown of the international monetary system established at Bretton Woods. The oil crisis pushed up the costs of oil and aggravated the balance of payments problems of both core and non-oil producing periphery countries. An all-encompassing economic depression, characterized simultaneously by inflation and unemployment -- defying Kenyesian prescriptions -- spread from one core nation to the next. By the mid-1970s, the capitalist countries appeared to be engulfed in a general crisis which, while differing in several features from that of the '30s was nevertheless equally severe.

The cut back in industrial production in the center reduced demand for raw materials produced in the periphery. Worsened terms of trade and growing unemployment spread throughout Africa. Even in South Africa, despite the lack of official data, it was reported that as many as one out of five blacks was unemployed,[56] and that whites were, for the first time, feeling the impact of the crisis as industry cut back production to under 70 percent of capacity.[57]

The transnational corporations and banks sought to throw the burden of the crisis on the working people both in the center and in the periphery. The Rockefeller-initiated Trilateral Commission* published reports[58] which argued, on the one hand, that the U.S., Europe and Japan "increasingly need the developing countries as sources of raw materials, as export markets, and, most important of all, as constructive partners in the creation of a workable world order." On the other hand, they claimed that the advanced capitalist countries were suffering from an 'excess of democracy' in which their working classes made too many demands for welfare and the right to participate in discussions relative to it. These two arguments, combined, seemed to provide the rationale for supporting continued and expanded investment in sub-regional centers like South Africa, a policy which Carter espoused from the outset of his term in office.[59]

Monetary institutions both at home and abroad are being used to coerce local governments to impose austerity programs, cutting back on employment and welfare programs. The experience of New York City, which is being replicated on a less-publicized scale throughout the U.S., as well as in England and Italy, is not dissimilar from that of 'third world' countries under pressures from the International Monetary Fund and the international banking community. Today, the biggest international

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*Which included a number of top corporate personnel as well as President Carter and several individuals now holding high-ranking posts in his Administration.[60]

banks are pressing for the extension of IMF powers[61] so that it can exert pressures on third world governments not only to implement policies to recover monies loaned by the IMF itself, but also those advanced to them by private transnational banks.

All these factors underscore the need for African states to carry through critical institutional changes and implement essential measures to break their dependence on the transnational corporations that dominate the political economies of the capitalist world.[62] The current general crisis renders this necessity even more urgent than before. Austerity and reduced government spending will simply aggravate unemployment and reduce the real levels of living of the masses of the populations. Devaluation, by augmenting the costs of imported goods on which their economies have become dependent, will stimulate inflation and slash real incomes further. These policies cannot eliminate the underlying contradictions inherent in the continued direct and increasing indirect extraction of surplus value from African economies.

What is needed is a fundamental restructuring of the critical political-economic institutions which govern the key sectors of African economies to facilitate capturing the investible surpluses produced by African labor. The state, representing the wage workers and peasants, needs to gain effective control of the 'commanding heights' and begin to implement long-term industrial strategies. Physical and financial plans need to be coordinated to direct national investment to increasingly integrated, balanced national economic growth designed to provide productive employment opportunities and rising standards of life for the people.

In Southern Africa, the liberation movements, backed by the 'front line' states, have determined to wage armed struggle until they oust the white minority regimes and to open the way for complete political-economic reconstruction in in the region. This will permit development of regional cooperation between liberated African states building on the industrial base established in South Africa, to create a modern industrial-agricultural regional economy capable of transforming the lives of the majority of the region's inhabitants.[63]

As the African peoples seek to build new lives, they will undoubtedly continue to cement new alliances with the peoples of other third world and socialist nations. Already, a number of African countries have learned that socialist governments, despite disagreements and divisions between them, provide a valuable source of basic capital equipment and machinery for their expanding industrial sectors.[64] In the context of carefully worked out long-term plans to restructure their political economies they may also be able, by taking advantage of competition among transnational corporations, to drive successful bargains for additional essential inputs.

But the underlying strategy should remain one based on building the unity of the working classes, the wage earners and the peasants, together with committed intellectuals, to implement planned development and integration of Africa's own vast resources on a regional and eventually a continental scale.

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1. See A. Seidman, "Changing Theories of Political Economy in Africa," in C. Fyfer, ed., African Studies Since 1945: Essays in Tribute to Basil Davidson (London: Longmans, 1977).

2. N. Girvan, "Economic Nationalists v. Multinational Corporations," in C. Widstrand, Multinational Firms in Africa (Upsala: Scandinavian Institute of African Studies, 1975).

3. ~~Joint conference of African Studies Association and Latin American Studies Association, Houston, Texas, November, 1977.~~

4. For discussion, see A. Seidman, "African Socialism and the World System: Dependency, Transnational Corporations, and International Debt," in C.G. Rosberg, African Socialism and the World System, (to be published).

5. Eg. L. Cliffe, "Rural Political Economy of Africa", in E. Wallerstein and P. Gutkind, eds., The Political Economy of Africa (Chicago: Sage, 1976) criticizes Tanzania sharply, although earlier he was supporter of Tanzania's efforts to carry through a transmition to socialism.

6. See the national plans of the countries for an outline of their approaches to development.

7. R.L. Sklar, in Corporate Power in An African State, (Los Angeles: University of California Press, 1975) characterizes them as the 'managerial bourgeoisie.'

8. E.g. N. Girvan, "Economic Nationalists v. Multinational Corporations: Revolutionary or Evolutionary Change?" in C. Widstrand, Multinational Firms in Africa, (Upsala: Scandinavian Institute of African Studies, 1975) esp. pp. 26-37.

9. German involvement in Africa was faciliated by German participation in the European Economic Community through the association African states. It became heavily involved in South Africa through investment in the manufacturing sectors, in particular, especially in the late 60s and early 70s. Total German investment in Africa by 1972 was about $4 billion, or 13 percent of its investments outside of Europe. At least half of this was directly and indirectly held investments in South Africa. (Calculated from F. Vogl, German Business After the Economic Miracle, New York: John Wiley & Sons, 1973, table 5.1, p. 150; This is a valuable summary of information relating tothe way the West German Government became involved in the post-war 'recovery' of West German industry, including the re-establishment of West government and private capital to the West German economic development. A useful study of two leading technologically advanced industries from these points of view is that by Y.S. Hu, The Impact of .S. Investment in Europe - A Case Study of the Automotive and Computer Industries (New York: Prager, 1973). Data relating to the specific role of the West German Government in basic West German industries is in Centre European de l'enterprise public, Les entreprises publiques dans la communaute Economique Euroepene (Paris: Dunod, 1967), Part II. A journalist's analysis of the 'decline' of U.S. companies' role in Europe, following the 'recovery' of West German industry, as well as other European firms, is that by R. Heller and N. Willatt, The European Revenge: How the American Challenge Was Rebuffed (London: Barrie & Jenkins, 197

10. Japan has only recently become an important feature in African trade and investment. In 1955-60, 1.5 percent of Japan's exports went to 'Oceania & Union of S. Africa' and 3.7 percent to the rest of Africa. By 1960-70, this had increased to 8.2 percent and 9.1 percent, respectively. Japan's imports from Africa, almost entirely raw materials, rose from 1.6 percent to 4 percent of its total imports in the same period. (See K.S. Sandhu and E.P.T. Tang, eds., Japan as an Economic and Its Implications for Southeast Asia, Singapore: Singapore University Press, 1974, tables V and IX, pp. 9 and 11. This negative balance of trade, much criticized in Africa, fostered further Japanese efforts to expand purchases of African raw materials, in which it began to invest in competition with European and American firms in the 1970s in countries like Zambia and Zaira. It also has began to establish entire factories in Africa in recent years for last stage assembly and processing of its exported parts and materials. For a valuable overall analysis of Japanese development, see J. Halliday and Gavan McCormack, Japanese Imperialism Today - 'Co-Prosperity in Greater East Asia' (Harmondsworth: Penguin Books, 1973), which, although it does not deal with the African situation, provides an excellent background picture of the role of Japanese state and U.S. economic contributions to Japanese economic growth after World War II. Other books with useful data include: T. Ozawa, Japan's Technological Challenge to the West, 1950-1974: Motivation and Accomplishment (Cambridge: MIT Press, 1974); E. J. Kaplan, Japan, The Government-Business Relationship - A Guide for the American Businessmen (Washington D.C.: U.S. Government Printing Office, 1972) E. F. Denison and William K. Chung, How Japan's Economy Grew So Fast - The Sources of Postwar Expansion (Washington, D.C.: The Brookline Institution, 1976); K. Bieda, The Structure and Operation of the Japanese Economy, (Adelaide, South Australia: The Griffin Press, 1970); and R. S. Ozaki, The Control of Imports and Foreign Capital in Japan (New York: Praeger Publishers, 1972).

11. Cf. D. Anyiwo, "Directorships in Other Firms Investing in South Africa and Former High U.S. Government Posts Held by Selected Directors of Leading U.S. Firms with Interests in South Africa, 1975" in A. and N. Seidman: U.S. Multinational Corporations in Southern Africa, (Dar es Salaam: Tanzania Publishing House and Westport: Lawrence Hill, Inc. 1977) Appendix to Part II.

12. M. Odjagov, Transnational Banking, (xeroxed draft paper prepared for organization for Economic Development and Corporation, 1977) Appendix F.

13. Citicorp, Annual Report, 1975.

14. Cf. Chase Manhattan Bank, Annual Report, 1975, p. 6; New York Times, February, 1975; and report by Tim Smith, Interfaith Center of Corporate Responsibility, of interview with Chase Manhatten Bank Officials in New York City, 1976.

15. Barclays Bank's Chairman expressed a sentiment widely held among bankers when he reported that "banks have been able to resist the nosiness of government statisticians and preserve some secrets." (B. Macdona, "Financing Development in Africa - The Role of the Commercial Banks and Their Overseas Investment Corporations" African Affairs, 66 (Oct. 1967) p. 328.)

16. First National City Bank of New York, Annual Report, 1965.

17. H. Koch, "Banken in Südafika - Kredite für Apartheid" in Informationdienst: Sudliches Afrika (issa, Bonn) No. 3, Mar. 1977.

18. A. Seidman, "Old Motives, New Methods: Foreign Enterprise in Africa Today", in R. W. Johnson and C. H. Allen, eds., African Perspectives, (Cambridge University Press, 1970).

19. Republic of Zambia, Monthly Digest of Statistics, (Lusaka: Central Statistical Office, 1974) Vol. X, no. 1.

20. This process is detailed in A. Seidman, Planning for Development in Sub-Saharan Africa (New York: Praeger Special Studies in International Economics and Development, and Dar es Salaam: Tanzania Publishing House, 1974), Ch. 2.

21. W. O. Jones, "Economic Man in Africa," Food Research Institute Studies, May 1960.

22. For discussion, see R. H. Green and A. Seidman, Unity of Poverty? The Economics of PanAfricanism (Harmondsworth: Penguin African Library, 1968), pp. 44-51: and Seidman, Planning for Development, op. cit., Ch. 2.

23. See Annual Reports of major oil companies.

24. Republic of Zambia, Statistical Digest, data re population movements.

25. For data, see International Monetary Fund, Annual Reports; for general discussion, see Seidman, Planning for Development, op.cit., Ch. 2; and for details of cooper case, see A. Seidman, ed., Natural Resources and National Welfare: The Case of Copper (New York: Praeger, 1976).

26. D. Babatunde Thomas, Importing Technology into Africa, (New York: Praeger, 1976).

27. C. Vaitsos, "Interaffiliate Charges by Transnational Corporations and Intercountry Income Distribution," (Boston: PhD, Thesis, Harvard University, 1972).

28. R. J. Barnett & R. E. Muller, Global Reach - The Power of the Multinational Corporations, (New York: Simon and Schuster, 1974).

29. This was a central thesis in the infamous NSSM 39 document (Westport: Lawrence Hill, Inc., 1976); and President Carter re-iterated his belief in South Africa's stability (New York Times, April 19, 1977).

30. For effect of Bantustans on social, economic and political life of American population, see, among others, B. Rogers, South Africa: The 'Bantu" Homelands (London: International Defence and Aid for Southern African, 1972); T. Bell, Industrial Decentralization in South Africa (Cape Town: Oxford University Press, 1975); Father Cosmas Desmond, The Discarded People (Harmondsworth:

Penguin Books, 1971); D. H. Houghton, The South African Economy (Cape Town: Oxford University Press, 4th edition, 1976); and South African Congress of Trade Unions, Memorandum submitted to the 60th Session of the International Labour Organizations, Geneva, June 1975 (London: 49 Rathbone Street, 1975).

31. South African Reserve Bank, Quarterly Bulletin, June, 1976. There has been a significant increase in foreign directly and indirectly held investment since the 1973 South African Census shown in table 1 of this paper, but that table shows the most complete breakdown by investment categoryavailable.

32. Financial Times (London) "South Africa Survey" 14 June, 1971.

33. For description, see A. and N. Seidman, U.S. Multinationals in Southern Africa, op. cit. esp. Chs. 3 and 4.

34. For analysis of transnational corporate investments in South Africa, see Report of the Secretariat, Commission on Transnational Corporations, Activities of Transnational Corporations in Southern Africa and the Extent of Their Collaboration with the Illegal Regimes in the Area, (New York: United Nations Economic and Social Council, 1977) E/C. 10/26, 6 April, 1977.

35. Ibid. and Seidman's, U.S. Multinationals in Southern Africa, op. cit., esp. ch.

35a. South Africa Digest.

36. A. Emmanuel, Unequal Exchange - A Study of the Imperialism of Trade (New York: Monthly Review, 1972), p. 189.

37. For analysis of the role of technological development in the general crisis, see T. Szentes, "Nature, Background and Effects of the Unfolding Crisis Phenomena in International Capitalism, "Acta Oeconomica Vol. 14(4) pp. 335-354 (1974).

38. The compound rate of growth of exports from industrial countries from the 1960s to the 1970s was 8 1/2 percent, while the imports of developing countries grew at only 6 percent annually (and major oil exporters' imports increased only 4 1/2 percent.) In the 70s, the annual rate of export growth of industrial countries fluctuated until it actually declined by 4 percent in 1975. See International Monetary Fund, Annual Report, 1976 (Washington, D.C. 1976), Table 4, p. 10.

39. This became sharply evident in the report of the U.S. Bureau of Census, Census of Population, 1970, (Washington: Government Printing Office, 1970).

40. See U.S. Department of Labor, Bureau of Labor Statistics, Employment and Earnings, Vol. 24, No. 1.

41. Cf. President Ford's Budget Speech, 1976. The West German economy drew on reserves provided by the large immigration of workers from southern Europe and Turkey, totalling over 3 million annually, over 10 percent of the total labor force. (F. Vogl, German Business after the Economic Miracle, op. cit., p. 101) In recessions, the workers simply go to their home countries, while German unemployement figures remain very low. In Japan,

the reserve labor force has been provided by agriculture, with some four million workers entering industry seasonally as a kind of sub-stratum which may be laid off in recessions without affecting official employment data. (Halliday, Japanese Imperialism Today, op. cit., p. 171).

42. A. Seidman and others, Working Women A Pilot Study of Women in Paid Jobs, (Boulder: Westview Press, forthcoming), Ch. 4.

43. Eg. the Urban League.

44. H. Braverman, Labor and Monopoly Capital; The degration of work in the twentieth century (New York: Monthly Review Press, 1974).

45. T. F. Bradshaw and J. F. Stimson, "Trends in Weekly Earnings: An Analysis" in Monthly Labor Review, August, 1975.

46. U.S. Department of Labor, Bureau of Labor Statistics, U.S. Working Women-a chartbook, Bulletin 1880, 1975.

47. U.S. Department of Labor, The Women's Bureau, The Earnings Gap Between Women and Men (Washington: U.S. Department of Labor, 1976) Table 1, p. 6.

48. Eg. Leonard Woodcock of the United Automobile Workers participated in the Trilateral Commission.

49. AALC Reporter, June, 1973. For background of AALC, see Seidmans, U.S. Multinational Corporations in Southern Africa, op. cit., Ch. 10.

50. Cf. Braverman in African Communist.

51. Eg. "The Debt Economy," Business Week, Oct. 12, 1974.

52. M. Odjagov, Transnational Banking, op. cit.

53. P. A. Wellons, "Borrowing by Developing Countries on the Eurocurrency Market," Organization for Economic Cooperation and Development, Paris, 1977.

54. M. Odjagov, Transnational Banking, op. cit. Table V, p. 14.

55. Citicorp, Annual Report, 1975.

56. Financial Mail (Johannesburg) 1976.

57. B. Magubane, Paper delivered to Conference on Southern Africa, Michigan State University, May 27-8, 1977.

58. R. N. Gardner, Sokito and B.J. Unink, A Turning Point in North-South Economic Relations, Trilateral Commission Report No. 3, 1974; and S.P. Huntington, M.J. Crozier, and Joji Watanuki, The Crisis of Democracy, Report on the Governability of Democracies to the Trilateral Commission (New York University Press, 1975). For commentary on the implications of the latter report, see S. Bowles, "The Trilateral Commission: Have Capitalism and democracy Come to a Parting of the Way?" in The Progressive, June 1977.

59. South African Financial Mail, Nov. 2, 1976.

60. The more than 20 Carter Administration members who participated in the Trilateral Commission included: Brzezinski, who chaired the Commission; Vance, now Secretary of State; Vice President Mondale; Secretary of Defense, Brown; UN Ambassador Young; Arms Controller, Warnke; Deputy CIA Director Bowie.

61. New York Times, "Business and Financial Section," May 15, 1977.

62. For discussion of measures, see Seidman, Planning for Development in Sub-Saharan Africa, op. cit., passim.

63. Seidmans, U.S. Multinational Corporations in Southern Africa, op. cit."Post Script."

64. For discussion of potential benefits of continental unity, see Green and Seidman, Unity or Poverty? op. cit. Part III. eg. Tue Turzara Railway, financed by China after the World Bank and western capitalist nations refused to finance it, has played a crucial role in enabling Zambia to escape its complete dependence on South Africa and Rhodesia. Mozambique obtained helpful technical and financial assistance from the USSR after the Portuguese left, taking with them most of the knowhow built up during the colonial period. Angola has benefitted extensively from urban technical assistance after the Portuguese departure, in addition to the more widely-known military aid in driving back the South African invaders.